United Nations

United Nations Conference on Trade and Development

Report of the Trade and Development Board

Twenty-sixth and twenty-seventh executive sessions and forty-eighth session

General Assembly

Official Records
Fifty-sixth Session
Supplement No. 15 (A/56/15)

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Part one
Report of the Trade and Development Board on its twenty-sixth executive session (Geneva, 10 April 2001)*

* Originally issued under the symbol A/56/15 (Part I).

INTRODUCTION

1. In an introductory statement, the **Secretary-General of UNCTAD** said that, at the recent ACC meeting in Nairobi, much of the discussion had been devoted to Africa. The ACC had recognized that there were numerous initiatives by the UN system, by African Governments themselves and by donors with regard to African development which needed to be consolidated and brought under a unified framework if action in favour of Africa was to be made more effective. It had agreed that the forthcoming session of ECOSOC could be used to engender support for placing separate UN initiatives related to Africa under a single umbrella. Members of the ACC, including the Secretary-General of UNCTAD himself, had underlined the necessity of increasing official development assistance in order to arrive at the internationally agreed target of reducing absolute poverty by half by the year 2015. As pointed out in UNCTAD's study on "Capital flows and growth in Africa", if the poverty reduction targets were to be reached, Africa needed to grow by at least 7 per cent per annum, and that required doubling ODA.

2. Concerning the follow-up to the Millennium Summit, he had suggested that the follow-up mechanism to be put in place for the Third UN Conference on the Least Developed Countries (LDC III) could be used as a model for the follow-up to the Millennium Summit, and that suggestion had met with considerable interest.

3. With regard to LDC III, an effective mechanism for follow-up would be essential. Indeed, insufficient attention to implementation had been one of the main problems of previous programmes for the LDCs. Effective follow-up would depend on three main factors: ownership by LDCs; genuine participation by all organizations and agencies; and the translation into daily action of the commitments embodied in the Programme of Action. Central responsibility for implementation would lie with countries, but assistance would be needed from organizations and agencies, especially those with a field presence. At the level of agencies, work on LDCs would have to be mainstreamed, and specific units and programmes dealing with LDCs would have to be established if they did not exist already. In each agency, both the secretariat and the governing body would have a role to play. In order to monitor progress in implementation, a collegial mechanism could be set up which could be convened and supported by UNCTAD.

I. REPORTS OF THE COMMISSIONS TO THE TRADE AND DEVELOPMENT BOARD

(Agenda item 2)

(a) Commission on Trade in Goods and Services and Commodities, fifth session, 19-23 February 2001 and 23 March 2001

4. For its consideration of this item, the Board had before it the following documentation:

(a) Analysis of ways to enhance the contribution of specific services sectors to the development perspectives of developing countries: National experiences with regulations and liberalization: Examples in the construction services sector and its contribution to the development of developing countries: Agreed recommendations (TD/B/COM.1/L.14);

(b) Major agricultural concerns of developing countries: Impact of the reform process in agriculture on LDCs and net food importing developing countries and ways to address their concerns in multilateral trade negotiations: Agreed recommendations (TD/B/COM.1/L.15);

(c) The sustainable use of biological resources: Systems and national experiences for the protection of traditional knowledge, innovations and practices: Agreed recommendations (TD/B/COM.1/L.16);

(d) Analysis of market access issues facing developing countries: Impact of anti-dumping and countervailing actions: Agreed recommendations (TD/B/COM.1/L.17);

(e) Analysis of market access issues facing developing countries. Impact of anti-dumping and countervailing actions: Chairman's summary (TD/B/COM.1/L.18).

(f) Provisional agenda for the sixth session of the Commission (TD/B/COM.1/L.19).

(g) Draft report of the Commission on its fifth session (TD/B/COM.1/L.18 and Add.1-3).

5. The representative of **Albania**, speaking in his capacity as Vice-President of the Commission on Trade in Goods and Services and Commodities, introduced the outcomes of the Commission's fifth session and recommended them to the Board for endorsement.

6. The representative of **Singapore**, speaking on behalf of the **Asian Group and China**, said that, with regard to the protection of traditional knowledge, his Group welcomed the outcome of the Commission's deliberations. The Commission had placed emphasis on raising

the value of traditional knowledge, on promoting sustainable use of genetic resources, and on ensuring equitable benefit sharing in the commercialization of traditional knowledge based products, and it had recommended that the international community explore minimum standards for an internationally recognized *sui generis* system. Those were issues of key importance to his Group. He noted with satisfaction the recognition of UNCTAD's role in promoting the use of traditional knowledge for trade and development, and in that connection UNCTAD should organize workshops on traditional knowledge. Duplication of work should be avoided, and the UNCTAD secretariat should support work in WIPO and under the CBD.

7. With regard to anti-dumping and countervailing measures, his Group was disappointed that consensus had not been reached on some proposals for work in this area. Much useful analytical work could be done. His Group reaffirmed the mandate contained in paragraph 132 of the Bangkok Plan of Action.

8. The representative of **Sweden**, speaking on behalf of the **European Union**, said that the European Union had concerns about the usefulness and effectiveness of Commission meetings. UNCTAD had been assigned important tasks in the Commission's agreed recommendations, and it now expected the secretariat, within its mandate and available resources, to transform these recommendations into actions. A number of important developments were taking place in other international organizations, and the focus in UNCTAD should be on actions that would complement existing international work. UNCTAD should cooperate with relevant international bodies and avoid duplication of work.

9. With regard specifically to the Commission on Trade, a long list of recommendations had been made to UNCTAD, and priorities would have to be established. In the international community's technical and financial assistance to developing countries, the European Union attached great importance to measures to help cope with the burden of complying with sanitary and phytosanitary measures and technical standards. In the field of traditional knowledge, there was still no international agreement on how traditional knowledge was best protected, and the different international bodies must work together with a view to establishing consensus.

10. Finally, UNCTAD should facilitate the effective participation of developing countries, especially LDCs, in multilateral trade negotiations by conducting analyses and providing technical assistance to enhance negotiating capacity. The CAPAS programme could provided a mechanism for that.

11. The representative of **Nicaragua**, speaking on behalf of the **Latin American and Caribbean Group**, said that work on protection of traditional knowledge should continue with a view to exploring various approaches, including *sui generis* systems. His Group counted on the assistance of UNCTAD and the future work of WIPO to enhance its understanding of the issue and to develop specific proposals for the protection of traditional knowledge.

(b) Commission on Investment, Technology and Related Financial Issues, fifth session, 12-16 February 2001

12. For its consideration of this subitem, the Board had before it the Commission's report on its fifth session (TD/B/48/4).

13. The representative of the **United Kingdom**, speaking in her capacity as **Vice-President of the Commission**, introduced the report of the Commission. With regard to the issues of cross-border mergers and acquisitions and home country measures, UNCTAD needed to find a modality to monitor the implementation of the recommendations made. On the investment policy reviews, all regional groups had welcomed the quality of the reviews, but the discussion had lacked depth. Documentation should be distributed well in advance, more time should be devoted to the reviews, and the idea of having reviews outside the Commission format could be considered. The issue would be taken up during the review of the intergovernmental machinery, and consultations would be held on how best to handle IPRs prior to the mid-term review. Division presentations on activities between sessions and the work of the Commission on Science and Technology for Development had been well received by delegations.

14. The representative of **Nicaragua**, speaking on behalf of the **Latin American and Caribbean Group**, said that the Commission had achieved positive results. The refinements of UNCTAD's work programme and the priorities set would allow progress to be made. A better understanding of such issues as mergers and acquisitions, market structure and competition law and policy would help ensure positive development impacts. It was hoped that the work of UNCTAD would serve as the basis for exploring international cooperation mechanisms designed to deal with the challenges posed by mergers and acquisitions. The investment policy reviews had proved very useful, and his Group was ready to participate in informal consultations on the best way of handling the reviews.

15. The representative of **Singapore**, speaking on behalf of the **Asian Group and China**, said that his Group welcomed the policy recommendations on mergers and acquisitions. While cross-border mergers and acquisitions had a number of positive effects on economic development, developing countries must have policy tools at hand to ensure that FDI worked for host countries' development, for example sectoral reservations, ownership regulations, and incentives. Policy responses also needed to be attuned to the concerns of domestic SME development through, for example, the balanced development of the domestic and foreign enterprise sector and upgrading of linkages between FDI and domestic firms. In order to help the diffusion of knowledge and technology from TNCs, Governments needed to constantly fine-tune their policies to stimulate beneficial linkages between TNCs and host economies.

16. With regard to home country measures, his Group encouraged such measures, which could be in the form of regulations, incentives or other practical measures, including effective coordination of all aspects of each home country's efforts, especially for the benefit of SMEs, so as to increase awareness of investment opportunities; collaboration, both bilaterally and

multilaterally, between home and host country institutions, such as investment promotion agencies and industry associations, including cooperative training; and supporting the establishment of industrial infrastructure in host countries, through for example the establishment of consortia involving firms from several countries to invest in major infrastructure projects in developing countries.

17. The representative of **Sweden**, speaking on behalf of the **European Union**, said that the Commission had underlined the importance of FDI in the form of mergers and acquisitions as well as greenfield investment for development in developing countries. Mergers and acquisitions had been shown to provide large benefits, though the positive and negative effects depended on, for example, the prevailing external environment, national policies and domestic legal frameworks. In that connection, the Commission had urged member States to adopt and implement competition law and had called for strengthened international cooperation in the area of competition policy. The European Union welcomed those proposed actions and felt that they should be given special attention in technical cooperation. The Commission had also emphasized the importance of general domestic policies aimed at creating an enabling business environment. Finally, the European Union welcomed the proposal by the secretariat to upgrade the investment policy reviews, since the short time available during the Commission's session had not done justice to the material available or the presence of ministers.

(c) Commission on Enterprise, Business Facilitation and Development, fifth session, 22-26 January 2001

18. For its consideration of this subitem, the Board had before it the Commission's report on its fifth session (TD/B/48/3).

19. The representative of **Ethiopia**, speaking in his capacity as President of the Commission, introduced the outcomes of the Commission's fifth session and said that the Commission's session had been very successful.

20. The representative of **Singapore**, speaking on behalf of the **Asian Group and China**, said that his Group welcomed the recommendations of the Commission and looked forward to their implementation. With regard to SMEs, those enterprises were the major contributors to employment and economic growth in developing countries. The growth of SMEs could be nurtured through linkages with TNCs, and the presence of strong SMEs in developing countries was in turn an important factor in attracting investment from TNCs. Measures to promote TNC-SME linkages must take into account the growing sophistication of TNCs, corporate trends, market needs and the capabilities of domestic SMEs. The UNCTAD secretariat was encouraged to follow up on the Commission's recommendations.

21. With regard to electronic commerce and tourism, tourism was one of the main pillars of the economy in many developing countries. The growth of electronic commerce had presented developing countries with a new channel for marketing tourism services, and

tourism service providers in developing countries had to develop their capacities in that respect. His Group therefore welcomed the Commission's recommendations and called on the secretariat to implement those recommendations in order to help strengthen the developing countries' abilities to develop and implement e-commerce policies.

22. The representative of **Sweden**, speaking on behalf of the **European Union**, said that the Commission had stressed the importance of adopting domestic and international policies and legal frameworks in the area of competition. National policies represented the basic cornerstone for addressing anti-competitive practices, but a multilateral framework agreement on competition policy would provide a necessary complement and would be essential to tackling the competition policy challenges from globalization in a fair and equitable manner. As in the case of the Commission on Investment, the Commission had established the importance of general domestic policies aimed at creating an enabling business environment.

23. With regard to the three Commissions' sessions in general, the sessions had been constructive in identifying policy actions which, if implemented correctly, would be beneficial to development in all States, and not least the LDCs. They had also illustrated the complex interaction between efforts by UNCTAD, general international efforts and domestic commitments, and the need to pay increasing attention to the latter.

24. The representative of the **UNCTAD secretariat** said that there were no additional financial implications for the regular budget of UNCTAD as a result of the Commissions' recommendations, though the programme of work would have to be modified in the light of some of those recommendations. Concerning extrabudgetary contributions, a number of the recommendations called for action and follow-up by the secretariat, and extrabudgetary contributions would be necessary as such. The recommendations would be reviewed by the secretariat within the framework of the updating of the annual technical cooperation plan.

Action by the Board

25. The Board took note of the Commissions' reports and approved the recommendations contained therein.

26. The Board was informed that the representative of the United Kingdom, acting in her capacity as President of the Commission on Investment, would conduct consultations on the modalities to be used for investment policy reviews and report back to the President of the Board.

II. REVIEW OF THE EXPERIENCE IN THE IMPLEMENTATION OF THE RECOMMENDATIONS ON IMPROVING THE FUNCTIONING AND THE STRUCTURE OF THE INTERGOVERNMENTAL MACHINERY OF UNCTAD

(Agenda item 3)

27. The **President** recalled that, pursuant to the decision of the Board at its twenty-fourth executive session on 24 March 2000, it had been decided to allow a one-cycle trial period for the implementation of the recommendations contained in document TD/B/EX(20)/L.1 on improving the functioning and the structure of the intergovernmental machinery of UNCTAD and to review the experience in one year's time after the completion of the first cycle of meetings.

28. The representative of **Cuba**, speaking on behalf of the **Group of 77 and China**, said that the steps taken to enable the Commissions to place the outcome of expert meetings in an appropriate policy framework had had the opposite effect from that intended; there had been a conspicuous lack of discussion in the Commissions, with the sessions being given over to drafting of recommendations. Moreover, some delegations had taken inflexible positions and questioned the role UNCTAD had been given at UNCTAD X. UNCTAD had an important role to play in support of capacity-building in developing countries, which accounted for three-quarters of the membership of WTO but for only 25 per cent of world trade. All members of UNCTAD should cooperate with UNCTAD in its analysis of events from a development perspective, and the developed countries should adopt a more constructive approach to work in UNCTAD. The developing countries must be enabled to reap the benefits of the Uruguay Round and approach WTO positively in the interest of equal development for all

29. The representative of **South Africa**, speaking on behalf of the **African Group**, said that it was too soon for a conclusive review of the intergovernmental machinery, since the recommendations emerging from the Commissions still had to be implemented. A full review would have to wait for another year and should be carried out during the mid-term review. In the meantime, a few interim suggestions could be made. In the preparations for expert meetings, time should be given to the secretariat to prepare background documents. Topics for expert meetings should be decided on at an executive session of the Board, and the practice of scheduling the bulk of expert meetings during the second half of the year should be reconsidered. Enough time should be provided for between expert meetings and Commission sessions to allow time for missions to coordinate with capitals, and enough time should also be left between Commission sessions. At the same time, reforming the intergovernmental machinery could not be a purely procedural exercise. UNCTAD had an important role to play in the integration of developing countries into the world economy and the multilateral trading system, and it was not productive if the precise mandate of the organization was debated at each meeting.

30. The representative of **Sweden**, speaking on behalf of the **European Union**, said that a comprehensive review of the intergovernmental machinery would be conducted in 2002, but that did not preclude institutional improvements in the intervening period. Concerning expert meetings, the EU supported the approach whereby outcomes reflected the fact that experts were attending in their personal capacity. At the same time, it was important that the reports of expert meetings summarize all the positions taken. Concerning the Commission sessions, the EU had some concerns about their usefulness. More specifically, there should be more consistency in terms of procedure and structure of documents; consideration should be given to the number of substantive agenda items, since four seemed too many; and thought should be given to the overall purpose of the Commission sessions – they should provide an instrument for the implementation of the Bangkok Plan of Action and not add novel elements to UNCTAD's mandate; deliberations should therefore focus on providing the secretariat with guidance on prioritizing its work and optimizing its impact.

31. The representative of **Nicaragua**, speaking on behalf of the **Latin American and Caribbean Group**, said that his Group welcomed the efforts to integrate the work of the expert meetings and the Commissions and to give the experts' conclusions greater weight in the Commissions. However, the greater emphasis in the Commissions on drafting agreed recommendations at the expense of policy debate was a matter for concern. The absence of substantive debate meant that suggestions were sometimes rejected without any reason being given. A balance had to be found between discussion and drafting. The discussions in the Commissions should be substantive and based on an evaluation at the policy level of the inputs from the experts, and the results should be practical. Pending the mid-term review, it would be useful for the Commissions to have presentations from recognized experts to stimulate discussions.

32. The representative of the **United States of America** said that the expert meetings had been very enriching, but it was important for summaries to reflect all points of view. The Commissions had been distracted by the quest for agreed conclusions, and the policy dialogue had been lacking. The draft outcomes presented for discussion sometimes lacked focus, and the link with the Bangkok Plan of Action was not always clear. Finally, the Commissions should not be relegated to a *pro forma* role in selecting topics for expert meetings.

33. The representative of **Japan** said that his delegation in principle supported the practice of having the outcomes of expert meetings discussed in the Commissions. However, if the Commissions spent too much of their time on negotiating their agreed conclusions, the time available for policy discussions was limited. The number of agenda items for the Commissions should be limited, and more time should be devoted to policy discussions on each item.

34. The representative of **Norway** said that the improved links between the expert meetings and the Commissions represented a step in the right direction. However, too much

of the Commissions' time was spent on discussing draft conclusions, and it would be better to have shorter, action-oriented conclusions.

Action by the Board

35. The Board decided that the recommendations already approved in document TD/B/EX(24)/L.1 would continue to be applied for another one-year cycle on the understanding that a full-fledged review of the intergovernmental machinery of UNCTAD would be undertaken at the mid-term review. In the intervening period, the President of the Board would hold consultations to try to identify improved methods of work.

III. PROGRESS REPORT ON THE PREPARATORY PROCESS FOR THE THIRD UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES

Agenda item 4

36. The **Executive Secretary of LDC III** said that, at its third session, the Intergovernmental Preparatory Committee had taken place in a good atmosphere and had made good progress on clearing the text of the draft Programme of Action. The main outstanding issues related to the definition of "development partners"; the commitment relating to trade, and more particularly issues of market access, subsidies, agricultural support, and fast-track accession to WTO for LDCs; finance, and more particularly aid targets, criteria for debt cancellation, privatization of the banking sector, and expansion of the tax base; and governance, notably conditions for debt relief, corruption by TNCs, and governance in international financing institutions. Other preparations for the Conference were well under way, and the Conference would be innovative in a number of ways, including in terms of the full engagement of the UN system, the focus on deliverables, and the involvement of NGOs. It would serve as an excellent opportunity for the international community to help the LDCs help themselves. Concerning the follow-up to the Conference, the Secretary-General of the United Nations had been mandated by the General Assembly to propose arrangements, and the proposals of the Secretary-General would take into account the views of member States as expressed at the Conference.

IV. INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of session

37. The twenty-sixth executive session of the Trade and Development Board was held at the Palais des Nations, Geneva, on 10 April 2001. The session was opened by Mr. Camilo Reyes Rodriguez (Colombia), President of the Board.

B. Bureau of the twenty-sixth executive session

38. There being no change in the elected officers of the Bureau since the forty-seventh session, the Bureau of the Board at its twenty-sixth executive session was as follows:

President:	Mr. Camilo Reyes Rodriguez (Colombia)
Vice-Presidents:	Mr. Andrea Negrotto Cambiaso (Italy)
	Mr. Oguz Demiralp (Turkey)
	Mrs. Absa Claud Diallo (Senegal)
	Mr. Petko Draganov (Bulgaria)
	Mr. Koichi Haraguchi (Japan)
	Mr. Nathan Irumba (Uganda)
	Mrs. Savitri Kunadi (India)
	Mr. Roberto Lavagna (Argentina)
	Mr. George E. Moose (United States of America)
	Mr. Vasily Sidorov (Russian Federation)
Rapporteur:	Ms. Uchanya Wichayachakorn (Thailand)

C. Adoption of the agenda

(Agenda item 1)

39. The Board adopted the provisional agenda for its twenty-sixth executive session (contained in TD/B/EX(26)/1). (See annex I.)

D. Membership of the Trade and Development Board

(Agenda item 5(a))

40. The Board was informed that Lesotho, in a communication dated 19 February 2001, had indicated its wish to join the membership of the Board. The Board invited Lesotho to join its membership and to participate fully in its work.

41. The Board was informed that its membership therefore stood at 146.

E. Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

Agenda item 5(b))

42. The Board was informed that there were currently 109 intergovernmental organizations in status with UNCTAD (TD/B/IGO/List/3 and Add. 1,2 and 3). There were no new applications for consideration by the Board.

F. Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

(Agenda item 5(c))

43. The Board designated the Service Centre for Development Cooperation (KEPA) (see document TD/B/EX(26)/R.1) and the Exchange and Cooperation Center for Latin America (ECCLA) (see document TD/B/EX(26)/R.2) for the purposes of rule 77 of its rules of procedure and classified them in the General Category in accordance with paragraph 12(a) of Board decision 43(VII).

G. Report of the Board on its twenty-sixth executive session

(Agenda item 7)

44. The Board authorized the Rapporteur to complete the report on its current session under the authority of the President.

Annex I

AGENDA FOR THE TWENTY-SIXTH EXECUTIVE SESSION OF THE BOARD

1. Adoption of the agenda

2. Report of the Commissions to the Trade and Development Board

   (a) Commission on Trade in Goods and Services, and Commodities, fifth session

   (b) 19 – 23 February 2001 and 23 March 2001

   (c) Commission on Investment, Technology and Related Financial Issues, fifth session, 12 – 16 February 2001

   (d) Commission on Enterprise, Business Facilitation and Development, fifth session, 22 – 26 January 2001

3. Review of the experience in the implementation of the recommendations on improving the functioning and the structure of the intergovernmental machinery of UNCTAD

4. Progress report on the preparatory process for the Third United Nations Conference on the Least Developed Countries

5. Institutional, organization, administrative and related matters:

   (a) Membership of the Trade and Development Board

   (b) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

   (c) Designation on non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

6. Other business

7. Report of the Board on its twenty-sixth executive session

Annex II

ATTENDANCE *

1. The following States members of UNCTAD, members of the Board, were represented at the session:

Argentina
Azerbaijan
Bahrain
Barbados
Belarus
Belgium
Bolivia
Brazil
Bulgaria
Chile
China
Colombia
Congo
Costa Rica
Côte d'Ivoire
Croatia
Cuba
Denmark
Dominica
Dominican Republic
Egypt
El Salvador
Ethiopia
Finland
Gabon
Germany
Guatemala
Guinea
Honduras
India
Indonesia
Iran (Islamic Republic of)
Israel
Italy
Jamaica
Japan
Jordan
Kenya
Latvia
Lesotho
Libyan Arab Jamahiriya
Luxembourg
Madagascar
Malaysia
Malta
Mexico
Netherlands
Nicaragua
Nigeria
Norway
Oman
Pakistan
Panama
Paraguay
Peru
Philippines
Poland
Portugal
Romania
Russian Federation
Singapore
Slovakia
Slovenia
South Africa
Spain
Sri Lanka

* For the list of participants, see TD/B/EX(26)/INF.1.

Sweden
Switzerland
Thailand
Trinidad and Tobago
Tunisia
Turkey
Uganda
Ukraine
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America
Viet Nam
Yemen
Zimbabwe

2. The following other States members of UNCTAD, not members of the Board, were represented as observers at the session:

Guinea-Bissau
Holy See
Mozambique

3. The following intergovernmental organizations were represented at the session:

Common Fund for Commodities
European Community
League of Arab States
Organisation for Economic Cooperation and Development
Organization of African Unity
South Centre

4. The following specialized agencies and related organizations were represented at the session:

International Labour Organization
Food and Agriculture Organization of the United Nations
International Monetary Fund
United Nations Industrial Development Organization
World Trade Organization

5. The Economic Commission for Africa and the International Trade Centre UNCTAD/WTO were represented at the session.

6. The following non-governmental organizations were represented at the session:

General Category

Commission of the Churches on International Affairs of the World Council of Churches
Engineers of the World
International Confederation of Free Trade Unions
International Organization for Standardization
World Confederation of Labour
World Federation of United Nations Associations

Special Category

International Council of Nurses

Part two
Report of the Trade and Development Board on its twenty-seventh executive session (Geneva, 19 July 2001)*

* Originally issued under the symbol A/56/15 (Part II).

Chapter I

UNCTAD'S CONTRIBUTION TO THE IMPLEMENTATION OF THE UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990s: ACTIVITIES UNDERTAKEN BY UNCTAD IN FAVOUR OF AFRICA

(Agenda item 2)

1. For its consideration of this item, the Board had before it the related report by the Secretary-General of UNCTAD (TD/B/EX(27)/2).

2. The **Secretary-General of UNCTAD**, referring to his participation at the High-level Segment of ECOSOC devoted to Africa, drew attention to the increased ownership of development initiatives by African countries, as exemplified by the establishment of the African Union, the MAP and the Omega Plan. Drawing a parallel with the Marshall Plan, he called on the international community to finance these initiatives through a substantial increase in development assistance and debt relief for African countries. Citing UNCTAD's report on "Capital Flows and Growth in Africa" (UNCTAD/GDS/MDBP/7), he indicated that national savings and investment would eventually rise, bringing increased private flows and thereby reducing aid dependence in the future. The Technical Report of a High-level Panel on Financing for Development (Zedillo Report) had confirmed the findings of UNCTAD on the capital requirements of Africa. The mobility of labour and the liberalization of sensitive sectors such as agriculture were important areas of interest to African countries in the area of trade negotiations. UNCTAD's studies offered substance and a blueprint for action. As for technical cooperation, he drew attention to UNCTAD's role in support of African countries and LDCs in their preparations for trade negotiations, including for the ministerial meeting hosted by the United Republic Tanzania in Zanzibar. The JITAP programme had been a real success and its extension to other African countries had been suggested by the evaluation report and African countries themselves. Equally important was the early implementation of the Integrated Framework. Both programmes required the mobilization of additional resources.

3. UNCTAD's **Special Coordinator for Africa**, in presenting the report on UNCTAD's activities in favour of Africa, drew attention to the results of the workshop held in Cairo in March 2001 on the "Management of Capital Flows". The discussions had concentrated on three sets of issues: the need for and role of foreign capital in developing countries; how to manage the capital account to limit the potential damage from the instability of international capital flows; and the role of financial institutions, and the possible contribution of global standards and codes on governance, competition and transparency in promoting stability and growth. There was a broad preference for greenfield FDI as opposed to mergers and acquisitions or financial inflows, particularly those of a speculative nature. Except for a few countries rich in natural resources, economies in sub-Saharan Africa did not have the requisite human and capital infrastructure needed to attract FDI, and it was unlikely that

foreign capital would be forthcoming in order to allow such countries to develop. External public flows needed to be increased considerably until private flows could eventually replace public ones. Capital account liberalization was neither necessary nor sufficient to attract foreign capital but could bring some of the flight capital back by allowing it to re-exit. However, capital account openness allowed leakage by residents even when there was no serious distortion of incentives. On management of the capital account, strategic as opposed to full integration into the international financial system was preferred. The exchange rate regime adopted could have important implications for capital flows, which could not be dissociated from the capital account regime. The role of regional cooperation for greater financial and exchange rate stability was stressed. On the role of institutions and global standards and codes, while policies and institutions mattered, it often took a debtor and a creditor to create bad debt and a financial crisis. Even developed countries with sound financial institutions and policies were not immune from international speculators. Herd behaviour in these markets and surges in capital inflows could support unsustainable policies leading to currency appreciation and large external deficits. Finally, the risk of promoting a single model of development in the form of new sets of international codes and standards was stressed.

4. The Special Coordinator for Africa informed the Board that UNCTAD's contribution to the final review and appraisal of the implementation of the UN-NADAF, as requested by the General Assembly, was being completed for submission both to the General Assembly and to the Board at its October session. The study being prepared by the secretariat reviewed Africa's economic performance during the 1990s and considered Africa's prospects and advanced policy proposals for reinvigorating growth and development in Africa.

5. The representative of **Cuba**, speaking on behalf of the **Group of 77 and China,** welcomed the report of the Secretary-General of UNCTAD in connection with the activities carried out in favour of Africa. The analytic information included in the document reflected the reality of the continent; the development achieved in the last decade was not meaningful and hampered the improvement of the living standards of the African peoples. Achieving development, poverty eradication and economic growth should be a high priority for the international community in support of African initiatives, particularly the recent initiative adopted at Lusaka. In the area of trade, African countries continued to grapple with implementation issues in the context of the commitments undertaken during the Uruguay Round. In the field of health, the HIV/AIDS pandemic was taking a catastrophic toll in many African societies, paralysing their economies and ruining their social fabric. Concrete measures should be taken in order to eradicate this problem. Finally, the Group of 77 and China supported the activities of UNCTAD in favour of Africa in areas such as information and communications technologies (ICT), education professional training, health and capacity-building. The international community was encouraged to strengthen its efforts in this regard.

6. The representative of **Senegal**, speaking on behalf of the **African Group**, said that UN-NADAF had been launched to integrate Africa into the world economy, reduce poverty

and place Africa on a sustained growth path with the support of the international community. The results were disappointing. African countries had assumed their responsibilities for the development of the continent, as demonstrated by the MAP and OMEGA plans, synthesized into a New African Initiative at the recent summit in Lusaka. While the modest increase in resources devoted to Africa in the regular budget of UNCTAD was welcome, Africa's special needs would need to be considered in the provision of resources and technical assistance. The JITAP programme was a success not only in providing trade-related technical assistance, but also in the fight for poverty reduction. Its expansion to other African countries was crucial for the integration of African countries into the trading system. While expressing gratitude for donor contributions, he noted that delays in payment to the JITAP budget could harm the programme. As to the Integrated Framework, action was required at an early date to go beyond the pilot stage. Donors were urged to provide UNCTAD with necessary funds for assistance in the preparation of the next WTO Ministerial Conference and for the CAPAS programme, which helped developing countries to attract investment, develop infrastructure and build regional integration. The establishment of the World Trade Point Federation, in which African trade points could play an active role, was welcome, but the small number of operational Trade Points in Africa gave cause for concern. Donors, UNCTAD and ITC should assist African countries in the establishment of Trade Points.

7. The African Group welcomed the action being taken for the implementation of the Plan of Action for the LDCs. The Office of the Special Coordinator for LDCs needed to continue its activities without restriction, pending consultations by the Secretary-General of the United Nations for the implementation of paragraph 116 of the Plan of Action. Equally important was the need to implement the decisions taken in Bangkok with regard to the Sub-Programme on Africa. The UNCTAD secretariat should carry out an analysis of the implementation of the UN-NADAF and the interrelationship between ODA, investment, trade and globalization. More work was also required on the positive agenda in the light of the Ministerial Meeting of the WTO in Doha.

8. The representative of **Belgium**, speaking on behalf of the **European Union**, referring to the choice of the development of Africa as the principal theme of ECOSOC, said that Africa was a priority continent for the EU, which was Africa's first provider of aid and its most important trading partner. The new Cotonou Agreement and the Euro-Mediterranean Partnership were the legal framework for the Euro-African strategic partnership, as strengthened by the Africa-Europe summit in Cairo. The hosting of the LDC III Conference by the EU was further evidence of this relationship. The key principles driving the EU attitude towards Africa were that: the principal responsibility for the development of Africa lay with the continent itself; an integrated approach was required bringing together organizations of the UN system, African countries and their development partners; and a nuanced approach was required which took account both of general development problems and of the diversity among African countries. The UNCTAD secretariat had provided a detailed and comprehensive report, but more detailed information was nevertheless required on the objectives and impact of UNCTAD's activities in favour of Africa. The EU was ready

to assume its responsibilities for the implementation of the results of the LDC III Conference and recognized the role of official development assistance as a catalyst for private flows. Access to markets was an important component of economic development, and the EU was convinced that the "Everything but Arms" initiative for the LDCs and other future partnership agreements would make an important contribution in that respect. The EU was ready to continue its contribution to debt reduction in the framework of the HIPC initiative and to increase its efforts to allow more countries to be eligible, while at the same time calling on African countries to make their own efforts to meet the conditions for eligibility. The EU was ready to meet the challenge of reversing Africa's decline.

9. The representative of **South Africa** said that the 37th Meeting of the Organization of African Unity had adopted the New African Initiative, which affirmed the resolve of African countries to take charge of their destiny, articulated the development priorities of Africa, and called on the international community to join Africa in tackling the challenge. South Africa was organizing the first African Trade Point Forum with UNCTAD's assistance and support, and in that connection, a reduction of UNCTAD's participation in the Trade Point Programme would be detrimental. UNCTAD's contribution under the UNCTAD/UNDP Technical Assistance Programme and CAPAS was appreciated, and UNCTAD needed to continue to work with Africa in preparation for the upcoming WTO Ministerial Meeting. South Africa was pleased with the positive assessment of the JITAP programme and congratulated UNCTAD on the important work done in preparation for LDC III. The implementation of the Plan of Action adopted by LDC III was important, as was the strengthening of the Sub-Programme on Africa.

10. The representative of the **United States of America** said that his country appreciated the efforts by the African Governments to lead the way to their future growth and development. Thanking the UNCTAD secretariat for its report, he called on the secretariat to develop a cohesive strategy to bring together the various programmes of assistance. Finally, he inquired about the plans for the phasing out UNCTAD's involvement in the Trade Point Programme.

11. The representative of the **Organization of African Unity** expressed appreciation for the high quality of UNCTAD's report and welcomed the comments by the Secretary-General. The discussion on the UN-NADAF at the executive session of the Trade and Development Board was timely owing to the adoption of the New African Initiative, designed to provide a common framework for development in the continent. The Constitutive Act of the African Union was to serve as a basis for economic integration and testimony that Africa was ready to assume full responsibility for its destiny. UNCTAD's activities in favour of Africa had provided a model of cooperation designed to meet real needs with respect to both policy analysis and technical assistance. In the context of the final review of UN-NADAF, it was important to increase official financial flows to support African development and to resolve Africa's debt overhang, while at the same time respecting Africa's ownership of the

formulation and implementation of development policy. The New African Initiative had demonstrated the commitment of African leaders and their vision for the continent.

12. The representative of **Egypt** said that there was now an African vision of development that required the support of development partners and international organizations. During the recent session of ECOSOC, the tangible results of UNCTAD's activities in favour of Africa had emerged. In that connection, Egypt had worked closely with UNCTAD in the context of the workshop it had hosted on "Management of Capital Flows". His country also valued the seminars organized by UNCTAD for the training of diplomats in attracting FDI. Egypt had requested the secretariat to prepare a timetable for the expansion of the JITAP Programme to other African countries, and to present it to the forty-eighth session of the Trade and Development Board in October 2001. UNCTAD's 2002-2003 budget had placed more emphasis on Africa, and he called for the strengthening of the Sub-Programme on Africa. Technical assistance needed to be provided to a larger number of LDCs. As regards the Trade Point Programme, Egypt had emphasized that it was important that UNCTAD continue to provide support to existing Trade Points and to the creation of new ones.

13. The representative of **Uganda** thanked the secretariat for its report and for its preparations for LDC III. The mid-term evaluation of the JITAP showed the Programme's usefulness, and its expansion would help to promote its effectiveness and allow the experience of the pilot projects to be used for other countries. Uganda was pleased with the investment policy reviews and urged the provision of technical assistance for follow-up action arising from the reviews.

14. The representative of **Switzerland** reaffirmed the full commitment of Switzerland to the development of Africa. Concerning JITAP, it was important to wait for the final evaluation of the Programme before discussing its expansion. More detailed information on the impact of technical assistance programmes was also required. He queried UNCTAD's response to new requests for the establishment of Trade Points, given that the member States had adopted an exit strategy for the UNCTAD secretariat with regard to the Trade Point Programme.

15. The representative of **Japan** said that the Japanese Government was committed to helping Africa's efforts for its integration into the global economy and the eradication of poverty in the continent. Japan had hosted two conferences on African development – TICAD I and TICAD II – in 1993 and 1998 respectively, both of which had emphasized the concept of African ownership and international support. He welcomed the MAP and the Omega Plans, as well as the Lusaka Initiative. Japan was supportive of both the Integrated Framework, to which it had made contributions, and the JITAP. Japan would be hosting a ministerial meeting in December 2001 in preparation for TICAD III.

16. The representative of **Finland** said that, as Chairman of the Trade Policy Review Body of WTO, he wanted to highlight the importance of cooperation between UNCTAD, WTO and ITC. There had been many trade policy review exercises on African countries, and

while there were problems common to many countries, there were also those specific to individual countries, which increased the importance of technical assistance. The debates in the Trade Policy Review Body of the WTO had attracted broad participation, including African countries. UNCTAD needed to follow the Review Body closely, as the debates there could be inspiring for its technical assistance programmes. It was similarly important that other African countries underwent such reviews which represented a peer exercise in mutual education and understanding.

17. The representative of **Canada** said that Canada was committed to supporting the Integrated Framework and the JITAP Programme designed to integrate countries into the trading system. The latest meeting of the JITAP Board had decided that the consolidation of the Programme would take place by June 2002 and the final evaluation in January 2002. The report on the pilot projects for the Integrated Framework would be completed prior to the WTO Ministerial Meeting in Doha. It was hoped that these reports and evaluations would provide guidelines and indicate best practices for use in other countries.

18. The representative of **Guinea** commended UNCTAD for its contribution to the implementation of the New Agenda for the Development of Africa. African ownership of development plans was becoming more concrete, as demonstrated by the recent initiative of the African leaders, but the support of the international community was also required. The JITAP needed to be extended to other African countries, and all LDCs should benefit from the Integrated Framework. Donors were urged to provide more funds to both programmes.

19. UNCTAD's **Special Coordinator for Africa** welcomed the statements of support and comments by many delegations. In future reports, the secretariat would attempt to provide more information on the objectives and impact of the programmes, as well as an introduction placing UNCTAD's activities in a cohesive framework. UNCTAD would continue its efforts to contribute to Africa's growth and development.

20. The **Head of the Information and Training Branch of the Division for Services Infrastructure for Development and Trade Efficiency** (SITE) said that UNCTAD's exit strategy from the Trade Point Programme included reform of the Global Trade Point Network, fostering of existing Trade Points, the externalization of electronic trading opportunities (ETOs) and the establishment and strengthening of the World Trade Point Federation. He was grateful for the positive response by many African countries to the Programme. The World Trade Point Federation needed representation from every continent. Support for new Trade Points was not a priority, although the secretariat responded to new requests by sending information, referring interested parties to advanced Trade Points for advice and identifying consultants.

Chapter II

OTHER MATTERS REQUIRING ACTION BY THE BOARD ARISING FROM OR RELATED TO REPORTS AND ACTIVITIES OF ITS SUBSIDIARY BODIES

Agenda item 3

Report of the Working Party on the Medium-term Plan and the Programme Budget on its thirty-seventh session (first part, 15-19 January 2001, and second part, 11-12 June 2001)

21. For its consideration of this item, the Board had before it the following documentation:

(a) Report of the Working Party on the first part of its thirty-seventh session (TD/B/48/2);

(b) Agreed conclusions of the Working Party on the draft programme budget for the biennium 2002-2003 (TD/B/WP/L.100).

22. The representative of **Senegal**, speaking on behalf of the **African Group**, said that one of the major results of UNCTAD X had been the decision to establish a subprogramme for Africa in UNCTAD. The African Group wanted to see the concrete implementation of that decision, with the allocation of the necessary resources, and wanted to be provided with detailed information on that implementation.

23. The representative of **Belgium**, speaking on behalf of the **European Union**, said that the number of vacancies at the senior level of the UNCTAD secretariat was a matter of concern, and corrective action should be taken more quickly. The EU encouraged efforts to enhance vertical and horizontal integration in the secretariat, as well as interdivisional cooperation, especially on cross-cutting issues. Time-sensitive reviews should be carried out on regular budget activities, and indicators of achievement should be used and refined. Administrative activities in the UNCTAD secretariat should be rationalized and streamlined, and regular information should be provided on management matters, possibly through management letters. Finally, thought should be given to streamlining the budget review process.

Action by the Board

24. The Board endorsed the report and the agreed conclusions of the Working Party.

Chapter III

OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT

(Agenda item 4)

Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-fourth session

25. For its consideration of this item, the Board had before it the following documentation:

> Report of the Joint Advisory Group on its thirty-fourth session (ITC/AG(XXXIV)/188.

26. The representative of **Romania**, speaking in her capacity as **Chairperson of the Joint Advisory Group**, said that, at its thirty-fourth session, the Joint Advisory Group (JAG) had examined ITC's technical cooperation activities in 2000, and the report of the Consultative Committee on the ITC Global Trust Fund. Addressing JAG, the Secretary-General of UNCTAD had noted the important work undertaken by ITC on behalf of LDCs and had expressed concern about the unpredictability of resources. The Deputy Director-General of WTO had commended the contribution of ITC to establishing capacities to integrate developing countries and transition economies into the multilateral trading system, as well as ITC's cooperation with other organizations. The Executive Director of ITC had highlighted the E-trade Bridge, a programme intended to assist SMEs in bridging the digital divide.

27. With regard to technical cooperation, JAG had acknowledged ITC's central role in trade-related technical cooperation and endorsed its proactivity in trade-related capacity building. Several representatives had endorsed a proposal for a comprehensive independent evaluation of ITC with a view to determining ITC's larger role in trade-related technical assistance. With regard to translation of JAG documentation, a request had been made for documentation in the six official UN languages as opposed to the four currently used, while another point of view was that it would be best not to increase administrative costs in such a manner. Finally, she thanked the Governments of Canada, China, Denmark, Finland, France, India, the Netherlands, Norway, Sweden and Switzerland for the voluntary contributions they had announced.

28. The representative of **Senegal**, speaking on behalf of the **African Group**, emphasized the importance of JITAP. Given the problems faced by developing countries in international trade, for example in respect of tariffs, non-tariff barriers and heightened competition, capacity-building programmes like JITAP had to be pursued. As had been stated repeatedly by his Group, JITAP should be extended to other beneficiaries, and a detailed timetable should be drawn up to that end.

Action by the Board

29. The Board took note of the report of the Joint Advisory Group on its thirty-fourth session.

Chapter IV

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of session

30. The twenty-seventh executive session of the Trade and Development Board was held at the Palais des Nations, Geneva, on 19 July 2001. The session was opened and chaired by Mr. Nathan Irumba (Uganda), Vice-President of the Board.

B. Bureau of the twenty-sixth executive session

31. There being no change in the elected officers of the Bureau since the forty-seventh session, the Bureau of the Board at its twenty-seventh executive session was as follows:

President:	Mr. Camilo Reyes Rodriguez (Colombia)
Vice-Presidents:	Mr. Andrea Negrotto Cambiaso (Italy)
	Mr. Oguz Demiralp (Turkey)
	Mrs. Absa Claud Diallo (Senegal)
	Mr. Petko Draganov (Bulgaria)
	Mr. Koichi Haraguchi (Japan)
	Mr. Nathan Irumba (Uganda)
	Mrs. Savitri Kunadi (India)
	Mr. Roberto Lavagna (Argentina)
	Mr. George E. Moose (United States of America)
	Mr. Vasily Sidorov (Russian Federation)
Rapporteur:	Ms. Uchanya Wichayachakorn (Thailand)

C. Adoption of the agenda

(Agenda item 1)

32. The Board adopted the provisional agenda for its twenty-seventh executive session (contained in TD/B/EX(27)/1). The agenda was thus as follows:

1. Adoption of the agenda
2. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Activities undertaken by UNCTAD in favour of Africa

3. Other matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies:
   - Report of the Working Party on the Medium-term Plan and the Programme Budget on its thirty-seventh session (first part 15-19, January 2001, and second part, 11-12 June 2001)
4. Other matters in the field of trade and development:
   - Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-fourth session
5. Other business
6. Report of the Board on its twenty-seventh executive session

D. Other business

(Agenda item 5)

33. The Board approved the provisional agenda for its forty-eighth session (see annex I).

E. Report of the Board on its twenty-seventh executive session

(Agenda item 6)

34. The Board authorized the Rapporteur to complete the report on its session under the authority of the President.

Annex I

PROVISIONAL AGENDA FOR THE FORTY-EIGHTH SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:
   (a) Election of officers
   (b) Adoption of the agenda and organization of the work of the session
   (c) Adoption of the report on credentials
   (d) Provisional agenda for the forty-ninth session of the Board

2. Interdependence and global economic issues from a trade and development perspective: financial stability: reform of the international financial architecture and the role of regional cooperation

3. The Programme of Action for the Least Developed Countries for the Decade 2001-2010:
   (a) Outcome of the Third United Nations Conference on the Least Developed Countries
   (b) Towards the development goals defined in the Programme of Action for the Least Developed Countries for the Decade 2001-2010

4. UNCTAD's contribution to the final review and appraisal of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: economic development in Africa: performance, prospects and policy issues

5. Technical cooperation activities:
   (a) Review of the technical cooperation activities of UNCTAD
   (b) Consideration of other relevant reports: report on UNCTAD's assistance to the Palestinian people

6. Other matters in the field of trade and development:
   Progressive development of the law of international trade: thirty-fourth annual report of the United Nations Commission on International Trade Law

7. Institutional, organizational, administrative and related matters:
   (a) Preparatory process for the Mid-term Review in 2002
   (b) Review of the calendar of meetings
   (c) Membership of the United Nations Conference on Trade and Development and the Board
   (d) Membership of the Working Party for the year 2002
   (e) Administrative and financial implications of the actions of the Board

8. Other business

9. Adoption of the report.

Annex II

ATTENDANCE *

1. The following States members of UNCTAD, members of the Board, were represented at the session:

Argentina
Australia
Austria
Azerbaijan
Bangladesh
Belgium
Bulgaria
Canada
China
Colombia
Costa Rica
Côte d'Ivoire
Croatia
Cuba
Czech Republic
Dominican Republic
Ecuador
Egypt
El Salvador
Ethiopia
Finland
France
Gabon
Germany
Guinea
Honduras
India
Indonesia
Iran (Islamic Republic of)
Ireland
Israel
Italy
Japan
Jordan
Libyan Arab Jamahiriya
Madagascar
Malaysia
Malta
Netherlands
Nicaragua
Nigeria
Pakistan
Panama
Peru
Philippines
Republic of Korea
Russian Federation
Senegal
Singapore
Slovakia
South Africa
Sri Lanka
Switzerland
Turkey
Uganda
Ukraine
United Kingdom of Great Britain and Northern Ireland

* For the list of participants, see TD/B/EX(27)/INF.1.

United States of America
Uruguay
Venezuela
Viet Nam
Yugoslavia

2. The Holy See was represented as observer at the session.

3. The following intergovernmental organizations were represented at the session:

Arab Labour Organization
European Community
Organisation internationale pour la francophonie
Organization of African Unity
Organization of the Islamic Conference
South Centre

4. The following specialized agency and related organization were represented at the session:

United Nations Industrial Development Organization
World Trade Organization

5. The International Trade Centre UNCTAD/WTO was represented at the session.

6. The following non-governmental organizations were represented at the session:

General Category

Exchange and Cooperation Centre for Latin America
International Organization for Standardization
World Vision International

Part three
Report of the Trade and Development Board on its forty-eighth session (Geneva, 1-12 October 2001)*

* Originally issued under the symbol A/56/15 (Part III)

INTRODUCTION

(i) The forty-eighth session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 1 to 12 October 2001. In the course of the session, the Board held five plenary meetings – the 921st to 925th meetings.

(ii) This report to the United Nations General Assembly has been prepared under the authority of the President of the Board, in accordance with the guidelines adopted by the Board in the annex to its decision 302 (XXIX) of 21 September 1984. The report records, as appropriate, the action by the Board on the substantive items of its agenda (section I) and procedural, institutional, organizational and administrative matters (section II).

(iii) Volume II of the report of the Board on its forty-eighth session – to be issued subsequently in TD/B/48/18 (Vol. II) – will reflect all the statements made in the course of the session on the various items of the agenda.

I. ACTION BY THE TRADE AND DEVELOPMENT BOARD ON SUBSTANTIVE ITEMS ON ITS AGENDA

A. The Programme of Action for the Least Developed Countries for the Decade 2001-2010

(Agenda item 3)

Decision 467 (XLVIII)

The Trade and Development Board,

1. *Welcomes* the adoption of the Brussels Declaration and the Programme of Action for the Least Developed Countries for the Decade 2001–2010 by the Third United Nations Conference on the Least Developed Countries, held in Brussels from 14 to 20 May 2001; [1]

2. *Notes with satisfaction* that the Programme of Action is based on mutual commitments by LDCs and their development partners to undertake concrete actions in a number of interlinked areas set out in the Programme of Action;

3. *Expresses* appreciation to the international community for its efforts in supporting the development of LDCs and *emphasizes* the importance of the mobilization of both domestic and international resources for the full and effective implementation of the Programme of Action by all stakeholders as a matter of urgency to significantly improve the human conditions of the people of the LDCs during the present decade;

4. *Accepts* the invitation extended by the Third United Nations Conference on the Least Developed Countries in paragraph 113 of the Programme of Action to consider converting its Sessional Committee on LDCs into a Standing Committee;

5. *Resolves to fully consider* the conversion of the Sessional Committee on LDCs to a Standing Committee or other appropriate changes to the UNCTAD intergovernmental machinery to increase the focus of UNCTAD's work on LDCs as an important part of implementing the Brussels Programme of Action;

6. *Decides* for that purpose to begin specific consultations on the above issue, in the context of the examination of UNCTAD's intergovernmental machinery taking place in preparation for the Mid-Term Review of UNCTAD X, with a view to making a decision on this issue at the Mid-Term Review, based on the follow-up mechanisms as decided by the General Assembly;

7. *Takes note* of the reports submitted by the UNCTAD secretariat, *welcomes* the initial steps being taken by the secretariat, since the Conference, pursuant to its mandate concerning the implementation of the Programme of Action, and *welcomes* the efforts of the UNCTAD secretariat to develop a "roadmap" which would be useful in this regard;

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[1] For the Brussels Declaration, see A/CONF.191/12. For the Programme of Action, see A/CONF.191/11.

8. *Expresses* appreciation to the organizations and agencies which have reported on the activities they are undertaking to implement the Programme of Action within their respective areas of competence;

9. *Notes* that the data which are internationally available to monitor progress toward the development goals and targets contained in the Programme of Action need further improvement in terms of the coverage of least developed countries, their quality and their timeliness, particularly in relation to the overarching goal of poverty eradication, and *recommends* that these problems and the need to monitor the totality of the Programme of Action should be brought to the attention of the United Nations agencies and other international organizations in their relevant spheres of competence, as well as to the Economic and Social Council and the General Assembly;

10. *Notes* the progress made to date in the implementation of the Integrated Framework Pilot Scheme as part of the new arrangements for revitalizing the Integrated Framework and welcomes the renewed commitment and support extended by donors through the pledges made to the Integrated Framework Trust Fund, and *invites* new and additional contributions to the Integrated Framework Trust Fund in keeping with the spirit of the commitments undertaken in the Programme of Action.

925th plenary meeting
12 October 2001

B. UNCTAD's contribution to the final review and appraisal of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Economic development in Africa: Performance, prospects and policy issues

(Agenda item 4)

Agreed conclusions 468 (XLVIII)

Recalling United Nations General Assembly resolution 55/182 requesting *inter alia* the initiation by UNCTAD of a contribution, in areas falling within its mandate, to the preparatory process for the final review and appraisal of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF), in particular focusing on market access, diversification and supply capacity, resource flows and external debt, foreign direct and portfolio investment and access to technology, with a special emphasis on African trade issues, for the consideration of the General Assembly at its fifty-sixth session;

Taking note of the report by the UNCTAD secretariat entitled *Economic Development in Africa: Performance, Prospects and Policy Issues* (TD/B/48/12), where it is stated that, generally, poverty has increased in the continent and that gross domestic product growth rates are half the annual average growth target of 6 per cent set by the UN-NADAF; real per capita incomes are today 10 per cent below the levels reached in 1980; savings and investment rates remain far below levels required for sustainable growth in the region and for attaining the objective of reducing poverty by half by the year 2015; Africa's share of world trade has fallen dramatically in the past decade, and the continent's terms of trade are 50 per cent lower than in 1980, owing principally to commodity dependence; foreign direct investment remains

at less than 1 per cent of world totals and is not expected to fill the resource gap; despite the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative, African countries remain highly indebted; official development assistance (ODA) has fallen to historically low levels, representing about one third of United Nations targets;

The Trade and Development Board, subsequent to discussions undertaken in its Sessional Committee II, adopts the following conclusions:

1. Africa continues to face serious economic, social and health problems and only a few African countries have met the UN-NADAF targets and goals. There are many reasons, both domestic and external, for this disappointing performance. The Trade and Development Board calls on the international community to support African countries in their renewed efforts to address the many problems that remain.

2. In order to place Africa on a sustainable growth path towards achievement of the internationally agreed target of reducing poverty by half by the year 2015, greater coherence is needed among policies regarding African development at the national, regional and international levels. In this connection, the Trade and Development Board welcomes the New African Initiative adopted by the Heads of State and Government at the Summit of the Organization of African Unity held in Lusaka in July 2001.

3. Through the New African Initiative, African leaders have drawn a road map for a new relationship between Africa and its development partners based on guiding principles which include a focus on African ownership of development goals, objectives and policies; the mutual responsibility of African countries and their development partners for achieving shared objectives; the provision of long-term donor support, taking into account the diversity that exists within and among African countries; and a bold and comprehensive plan for Africa's irreversible emergence from its current fragile state. The New African Initiative testifies to the determined effort by Africans to shape their own destiny through economic and social development, principles of democracy, good and participatory governance, clear standards of accountability and peaceful settlement of disputes, as well as the undertaking of reforms based on a coherent framework and better policy coordination.

4. The urgent mobilization of domestic and external resources is required if African countries are to reverse the rising tide of poverty. The Trade and Development Board calls for renewed and strengthened efforts by developed countries to meet as soon as possible the ODA target of 0.7 per cent of their gross national product (GNP) and the target of earmarking 0.15 per cent to 0.20 per cent of GNP for the least developed countries, as agreed. Over the longer term, private capital flows and domestic savings should replace official financing, thereby reducing the aid dependence of African countries. The Trade and Development Board notes in particular that considerable additional resources will be required in order to deal with the devastating HIV/AIDS pandemic in Africa and in this regard welcomes the recent establishment of the Global AIDS and Health Fund.

5. The debt burden for several African countries is not sustainable. More needs to be done to achieve sustainable solutions. In this context, the Trade and Development Board urges the full, speedy and effective implementation of the Enhanced HIPC Initiative for eligible African countries through the provision of new and additional resources, as needed, and the adoption by eligible countries of the policy measures required in order to join the Initiative, while stressing the importance of continued flexibility with regard to the eligibility

criteria for the Enhanced HIPC Initiative, in particular for countries in post-conflict situations.

6. Measures to deal with resource requirements should be incorporated into a comprehensive development approach which could considerably increase the capacity of African countries to export and to augment their share in international trade transactions. In this connection, recent market access initiatives such as the "Everything but Arms" initiative and the African Growth and Opportunity Act are welcome. Nevertheless, there is considerable scope for increasing Africa's share of world trade by further reducing barriers, including tariff and non-tariff measures. The full and effective implementation of the existing provisions for special and differential treatment in WTO agreements and decisions would help African countries to diversify their commodity economies. Improved market access should be supplemented with specific capacity development programmes to help countries diversify exports and improve the competitiveness of their firms.

7. In this connection, in order to overcome the adverse effects of volatility of commodity prices, the international community should study ways to deal with the problem of declining commodity prices and their impact on African development.

8. Structural adjustment programmes have not had the expected outcome, and the Trade and Development Board, while welcoming the new emphasis of such programmes on poverty reduction, encourages continued attention to be paid to external factors as well as to shortcomings of domestic markets and enterprises, human capital and physical infrastructure, institutions and income distribution.

9. The report entitled *Economic Development in Africa: Performance, Prospects and Policy Issues* and a summary of the Board's discussions of the report should serve as an input to the final review and appraisal of the implementation of the UN-NADAF, as well as to the preparations for the international conference on Financing for Development. The Trade and Development Board requests that the above conclusions and the report by the secretariat be brought to the attention of the General Assembly at its fifty-sixth session, as requested.

925th plenary meeting
12 October 2001

C. Review of technical cooperation activities of UNCTAD

(Agenda item 5(a))

Decision 469 (XLVIII)

The Trade and Development Board,

1. *Takes note with appreciation* of the report on technical cooperation activities of UNCTAD and their financing (TD/B/48/5 and Add. 1-2), as well as the indicative plan of UNCTAD's technical cooperation for 2002;

2. *Notes with satisfaction* improvements in the quality of the reports, and *requests* that comments and suggestions made at the thirty-eighth session of the Working Party be taken into account in the preparation of future reports;

3. *Notes with interest* the increase in the level of bilateral and multilateral contributions to UNCTAD trust funds, *expresses its appreciation* to bilateral and multilateral donors for their contributions, and *invites* all bilateral and multilateral donors to consider increasing their contributions to UNCTAD trust funds for developing countries and in particular in favour of Africa, which is a host of 34 of the 49 LDCs;

4. *Emphasizes* the importance of predictability of funding and the sustainability of UNCTAD's technical cooperation programmes, and in this regard *encourages* multi-year contributions;

5. *Welcomes* improvements in the utilization of developing countries' human capital in the implementation of technical cooperation activities, and *calls for* further geographical diversification of consultants and experts, especially in favour of developing countries;

6. *Requests* the UNCTAD secretariat to play its role in combined international efforts to assist developing countries to derive full benefits from trade and to reduce poverty through, *inter alia*, mainstreaming trade into development strategies and enhanced partnership with other agencies involved in delivering trade-related technical assistance, especially for LDCs in the context of the Integrated Framework;

7. *Requests* the secretariat to continue to work on consolidation and clustering of technical cooperation activities;

8. *Welcomes and underlines the importance* of the secretariat's initiative to conduct an internal review of technical cooperation with a view to enhancing the impact of technical cooperation activities, making the different components of programmes more cohesive and streamlining operational procedures to ensure greater efficiency and better results, and *requests* the Secretary-General of UNCTAD to present the results of the internal review to the mid-term review for discussion;

9. *Reiterates* its request, as expressed in Board decision 461 (XLVII), with regard to translation of documents in all official languages.

924th plenary meeting
4 October 2001

D. Other action taken on substantive items

1. Review of technical cooperation activities of UNCTAD (Agenda item 5(a))

1. At its 924th plenary meeting, on 4 October 2001, the Board took note of the report of the Chairman of the Working Party on the Medium-term Plan and the Programme Budget at its thirty-eighth session, the statements made by delegations to the Board, and the secretariat documentation. It adopted draft decision TD/B/48/L.1, and endorsed the outcome of the

thirty-eighth session of the Working Party. (For the text of the decision, see part I, section C, above.)

2. Consideration of other relevant reports: Report on UNCTAD's assistance to the Palestinian people (Agenda item 5(b))

2. At its 924th plenary meeting, on 4 October 2001, the Board took note of the secretariat's report on UNCTAD's assistance to the Palestinian people (TD/B/48/9) and of the statements made thereon and decided to submit the account of its discussion to the General Assembly in accordance with General Assembly decision 47/445. (For the account of the discussion, see annex II below.)

3. Specific actions related to the particular needs and problems of land-locked developing countries: Report of the Fifth Meeting of Governmental Experts (Agenda item 6(a))

3. At its 924th plenary meeting, on 4 October 2001, the Board took note of the progress report by the UNCTAD secretariat (TD/B/48/13), the report of the Fifth Meeting of Governmental Experts (TD/B/48/10), and the statements made thereon, endorsed the conclusions and recommendations of the Meeting, and decided to recommend them to the General Assembly at its fifty-sixth session, in accordance with General Assembly resolution 54/199.

4. Progressive development of the law of international trade: thirty-fourth annual report of the United Nations Commission on International Trade Law (Agenda item 6(b))

4. At its 924th plenary meeting, on 4 October 2001, the Board took note of the report of UNCITRAL on the work of its thirty- fourth session (A/56/17).

5. Preparatory process for the Mid-term Review in 2002 (agenda item 7(a))

5. At its 925th plenary meeting, on 12 October 2001, the Board, acting on the recommendation of the Bureau, agreed to the recommendations of the secretariat in document TD/B/48/CRP.1, and specifically agreed:

(a) To endorse the offer of Thailand to host the Mid-term Review in Bangkok;

(b) To approve the basic modalities of the Mid-term Review process, as outlined in document TD/B/48/CRP.1, that is to say three interrelated but distinct pillars, namely: (i) a review of the efficiency and functioning of the intergovernmental machinery; (ii) stocktaking in respect of the implementation of the commitments and work programme agreed to in the Bangkok Plan of Action (TD/386); and (iii) interactive debates and policy dialogue in the context of opportunities and challenges of new policy developments of importance since UNCTAD X;

(c) To approve the timetable set out in document TD/B/48/CRP.1, namely the three official slots allocated for formal consultations, and the Mid-term Review in the week of 29 April to 3 May 2002 in Bangkok, as reflected in the UNCTAD calendar of meetings (TD/B/INF.197). Each set of formal consultations would be preceded by informal open-ended consultations.

6. The Board further agreed on the following procedures for the preparatory process for the Mid-term Review:

(a) At the request of the President of Board, three Vice-Presidents would assist him in the preparatory work, as follows:

i. On the intergovernmental machinery – Mr. Federico Alberto Cuello Camilo (Dominican Republic);

ii. On the stocktaking of the implementation of the work programme based on indicators of achievements – Mrs. Eleanor M. Fuller (United Kingdom);

iii. On the interactive debates and policy dialogue in the context of opportunities and challenges of new policy developments of importance since UNCTAD X – Mr. Virasakdi Futrakul (Thailand).

(b) These Vice-Presidents, each within his or her mandate, would hold open-ended informal consultations that would begin soon in order to prepare for the formal consultations that would take place in 2002. The first formal consultations were scheduled to be held around the end of January 2002;

(c) The two Vice-Presidents in charge of the intergovernmental machinery and stocktaking would make every effort to conclude their work prior to the Mid-term Review in Bangkok; and

(d) The President would meet regularly with the three Vice-Presidents to review progress and report to his monthly consultations.

6. Follow-up to paragraph 166 of the Bangkok Plan of Action (agenda item 8)

7. At its 925th plenary meeting, on 12 October 2001, the Board appointed the members of the Advisory Body set up in implementation of paragraph 166 of the Bangkok Plan of Action, as follows: Mr. Camilo Reyes Rodríguez (Colombia); Mr Carlos Pérez del Castillo (Uruguay); Mr. Jorge Voto-Bernales (Peru); Mr. Savitri Kunadi (India); Mr. Ali Khorram (Islamic Republic of Iran); Mr.Rajmah Hussain (Malaysia); Mr. Nacer Benjelloun-Touimi (Morocco); Mr. Fisseha Yimer Aboye (Ethiopia); Mr. Ali Said Mchumo (United Republic of Tanzania); Mr. Vasily Sidorov (Russian Federation); Mr. Vladimir Malevich (Belarus); Mr. Pierre Louis Girard (Switzerland); Mr. Joaquín Pérez-Villanueva y Tovar (Spain); Mr. Knut Langeland (Norway); and Mr. Simon W.J. Fuller (United Kingdom).

8. It noted that the members of the Advisory Body would serve until the next regular session of the Board under the chairmanship of the President of the Board.

7. Nobel Peace Prize

9. At its 925th plenary meetings, on 12 October 2001, the Board expressed congratulations to Mr. Kofi Annan and to the United Nations on the award of the Nobel Peace Prize.

II. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

10. The forty-eighth session of the Trade and Development Board was opened on 1 October 2001 by Mr. Camilo Reyes Rodriguez (Colombia), the outgoing President of the Board.

B. Election of officers

(Agenda item 1 (a))

11. At its 921st (opening) plenary meeting, on 1 October 2001, the Board elected by acclamation Mr. Ali Said Mchumo (United Republic of Tanzania) as President of the Board for the duration of its forty-eighth session.

12. Also at its opening plenary meeting, the Board completed the election of officers to serve on the Bureau of the Board throughout its forty-eighth session by electing 10 Vice-Presidents and the Rapporteur. Accordingly, the elected Bureau was as follows:

President:	Mr. Ali Said Mchumo (United Republic of Tanzania)
Vice-Presidents:	Mr. Iouri Afanassiev (Russian Federation) Mr. Toufik Ali (Bangladesh) Mr. Federico Alberto Cuello Camilo (Dominican Republic) Mr. Douglas M. Griffiths (United States of America) Mrs. Eleanor M. Fuller (United Kingdom of Great Britain and Northern Ireland) Mr. Virasakdi Futrakul (Thailand) Mr. Nathan Irumba (Uganda) Mr. Toshiyuki Iwado (Japan) Mr. Kalman Petocz (Slovakia) Mr. Jacques Scavee (Belgium)
Rapporteur:	Mr. Federico Perazza Scapino (Uruguay)

13. In accordance with past practice, the Board agreed that the regional coordinators and China, as well as the Chairmen of the Sessional Committees, would be fully associated with the work of the Bureau.

C. Adoption of the agenda and organization of the work of the session

(Agenda item 1 (b))

14. At its opening meeting, the Board adopted the provisional agenda for the session contained in TD/B/48/1. (For the agenda as adopted, see annex I below).

15. In so doing, it decided that, under agenda item 8 of the agenda, it would take up the issue of the "Follow-up to paragraph 166 of the Bangkok Plan of Action".

16. At the same meeting, and in accordance with the organization of work for the session in TD/B/48/1, the Board established two sessional committees to consider and report on items on its agenda as follows:

Sessional Committee I:

Item 3: The Programme of Action for the Least Developed Countries for the Decade 2001-2010: (a) Outcome of the Third United Nations Conference on the Least Developed Countries; (b) Towards the development goals defined in the Programme of Action for the Least Developed Countries for the Decade 2001-2010

Sessional Committee II:

Item 4: UNCTAD's contribution to the final review and appraisal of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Performance, prospects and policy issues

17. The following officers were elected to serve on the Bureau of Sessional Committee I:

Chairperson:	Mr. François Leger (France)
Vice-Chairperson-*cum*-Rapporteur:	Mr. Rénald Clerismé (Haiti)

18. The following officers were elected to serve on the Bureau of Sessional Committee II:

Chairperson:	Mr. Mohammed Saleck Ould Mohamed Lemine (Mauritania)
Vice-Chairperson-*cum*-Rapporteur:	Mr. Kim Yong Ho (Democratic People's Republic of Korea)

D. Adoption of the report on credentials

(Agenda item 1(c))

19. At its 925th plenary meeting, on 12 October 2001, the Board adopted the report of the Bureau on the credentials of representatives attending the forty-seventh session (TD/B/48/17), thereby accepting the credentials.

E. Provisional agenda for the forty-ninth session of the Board

(Agenda item 1 (d))

20. At the same meeting, the Board decided that the Secretary-General of UNCTAD would draw up a draft provisional agenda for the forty-ninth session of the Board at a later

stage in order to take account of the outcome of the Mid-term Review and other developments.

F. Review of the calendar of meetings

(Agenda item 7 (b))

21. At the same meeting, the Board approved UNCTAD's calendar of meetings (TD/B/INF.197).

G. Membership of the United Nations Conference on Trade and Development and the Trade and Development Board

(Agenda item 7(c))

22. The Board was informed that the membership of UNCTAD stood at 191 and the membership of the Board at 146 (TD/B/INF.196 and Corr. 1).

H. Membership of the Working Party for the year 2002

(Agenda item 7(d))

23. At its 925th plenary meeting, on 12 October 2001, the Board elected the following countries to membership of the Working Party for 2002: Bulgaria, Egypt, Finland, India, Japan, Mauritius, Netherlands, Oman, Philippines, Poland, Russian Federation, Senegal, Spain, United Kingdom of Great Britain and Northern Ireland, and United States of America.

24. It noted that nominations from the Latin American and Caribbean Group would be presented at a later date and that participation in the work of the Working Party was open to all member States.

I. Administrative and financial implications of the actions of the Board

(Agenda item 7 (e))

25. At the same meeting, the Board was informed that there were no financial implications arising from the work of its forty-eighth session.

J. Adoption of the report

(Agenda item 9)

26. At its 925th plenary meeting, on 12 October 2001, the Board took note of the reports of Sessional Committee I (TD/B/48/SC.1/L.1) and Sessional Committee II (TD/B/48/SC.2/L.1 and Add.1) and decided to incorporate them in the final report of the Board on its forty-eighth session.

27. At the same meeting, the Board adopted the draft report on its forty-eighth session (TD/B/48/L.1 and Add.1-6), subject to any amendments that delegations might wish to make to the summaries of their statements. The Board further authorized the Rapporteur to complete the final report as appropriate and, under the authority of the President, to prepare the report of the Trade and Development Board to the General Assembly.

Annex I

AGENDA FOR THE FORTY-EIGHTH SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:

   (a) Election of officers
   (b) Adoption of the agenda and organization of the work of the session
   (c) Adoption of the report on credentials
   (d) Provisional agenda for the forty-ninth session of the Board

2. Interdependence and global economic issues from a trade and development perspective: Financial stability: reform of the international financial architecture and the role of regional cooperation

3. The Programme of Action for the Least Developed Countries for the Decade 2001-2010:

   (a) Outcome of the Third United Nations Conference on the Least Developed Countries
   (b) Towards the development goals defined in the Programme of Action for the Least Developed Countries for the Decade 2001-2010

4. UNCTAD's contribution to the final review and appraisal of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Economic development in Africa: performance, prospects and policy issues

5. Technical cooperation activities:

   (a) Review of technical cooperation activities of UNCTAD
   (b) Consideration of other relevant reports: Report on UNCTAD's assistance to the Palestinian people

6. Other matters in the field of trade and development:

   (a) Specific actions related to the particular needs and problems of land-locked developing countries: Report of the Fifth Meeting of Governmental Experts
   (b) Progressive development of the law of international trade: thirty-fourth annual report of the United Nations Commission on International Trade Law

7. Institutional, organizational, administrative and related matters:

   (a) Preparatory process for the Mid-term Review in 2002
   (b) Review of the calendar of meetings
   (c) Membership of the United Nations Conference on Trade and Development and the Trade and Development Board
   (d) Membership of the Working Party for the year 2002
   (e) Administrative and financial implications of the actions of the Board

8. Other business

Follow-up to paragraph 166 of the Bangkok Plan of Action

9. Adoption of the report.

Annex II

DISCUSSION IN THE TRADE AND DEVELOPMENT BOARD UNDER AGENDA ITEM 5 (b): CONSIDERATION OF OTHER RELEVANT REPORTS: REPORT ON UNCTAD's ASSISTANCE TO THE PALESTINIAN PEOPLE

1. For its consideration of this subitem, the Board had before it the following documentation:

"Report on UNCTAD's assistance to the Palestinian people" (TD/B/48/9).

2. **The Coordinator of Assistance to the Palestinian people** introduced the secretariat's report on UNCTAD's assistance to the Palestinian people, which contained an update of progress achieved in implementing technical assistance activities for the Palestinian people. In line with the link between operational and analytical work, the report also examined the impact of the recent crisis on the Palestinian economy. It demonstrated that the crisis had adversely affected economic performance, while revealing continued vulnerability of the Palestinian economy to external shocks and deep-seated structural deficiencies. Those arose largely from the impact of prolonged occupation and had yet to be addressed effectively.

3. Despite a major development effort since 1994, all-pervasive challenges to the sustained development of the Palestinian economy remained as influential and debilitating as when first analysed by UNCTAD in the early 1990s. While recognizing the development challenges that the crisis posed for Palestinian Authority economic policy-makers, the findings of UNCTAD research nonetheless allowed for a reassertion of confidence in realistic hopes for a better development future for the Palestinian people.

4. International efforts in favour of Palestinian economic development had also been adversely affected by the recent crisis. However, UNCTAD advisors and experts had maintained an active presence in the field, despite interruptions and uncertainties. This demonstrated the secretariat's commitment to implementing its mandate in the context of sustained international assistance to the Palestinian people, as called for by UNCTAD X and the General Assembly.

5. UNCTAD research on the Palestinian economy had led to a careful matching of secretariat mandates and expertise with the relevant development needs of the Palestinian people and with available extrabudgetary resources, in regular consultation with Palestine and with other concerned parties. Secretariat project proposals had attracted resources from a number of donors. He reported on progress of work in four key areas, namely: debt management system; reform of customs procedures and regulations and related automation; training activities in the area of small and medium-size enterprise development; and commercial diplomacy training and related advisory services.

6. He expressed the secretariat's gratitude for the generosity and foresight exhibited by donors to date, though important proposals in several other areas remained unfunded. In particular, this had constrained the secretariat in responding to an urgent request from the Palestinian Authority for coordinated technical assistance from UNCTAD and ITC to address some of the urgent needs that had arisen in the Palestinian trade sector. He concluded by renewing the secretariat's appeal to all members of UNCTAD to consider intensifying contributions to these and other priority areas of technical assistance to the Palestinian people.

7. The representative of **Cuba**, speaking on behalf of the **Group of 77 and China**, thanked the secretariat for its continued delivery of valuable technical assistance to the Palestinian people. His Group was pleased to see how the secretariat had responded over the years to the changing regional circumstances and to its evolving mandate in this area.

8. The current focus of the secretariat's work programme for the Palestinian people was on operational activities, backed up by research and analysis, and that was the most appropriate and effective contribution UNCTAD could offer to the Palestinian people. He noted that the secretariat had been able to intensify the scope of its assistance and the resources devoted to this issue, in line with the Bangkok Plan of Action. He thanked those States and international organizations that had already made contributions to UNCTAD projects of technical assistance to the Palestinian people, and he urged that such support should continue, especially in the light of the current difficult conditions facing the Palestinian economy.

9. The tragic confrontation that had engulfed the occupied Palestinian territory since October 2000 had dealt a serious blow to the Palestinian economy and to the achievements of the Israeli-Palestinian interim period economic accords. The severe losses in national income, the widespread unemployment and growing poverty, the impact of closures and other restrictive measures on Palestinian trade and other sectors were deplorable developments for a people that had already suffered so much.

10. The hope and possibility of emerging from this crisis represented one of the key points of the secretariat report, highlighting the interdependence between development and peace. His Group wished to reaffirm its belief that only through full implementation of all relevant UN resolutions could a just and lasting settlement be forged that recognized the rights of all peoples and States, including Palestine, to enjoy peace, security and development.

11. The representative of **Egypt**, speaking on behalf of the **African Group**, said that the developments in the Palestinian economy during 2000-2001 had mired it in a crisis of unprecedented depth and severity that would render a genuine recovery difficult to achieve for many years to come. Domestic output had been cut by almost half, the rate of unemployment had grown rapidly and sharply, and poverty indicators had grown dramatically. In addition, the economy had accrued significant infrastructure losses. Clearly all economic sectors had suffered severely during this period.

12. Social services had been subject to severe deterioration, reducing the already limited capacities available to meet the basic needs of the Palestinian people and adding more misery to life in Gaza and the West Bank. Practices of the occupying forces which had led to this intolerable situation needed to be ended, especially the documented and repeatedly condemned practices of collective punishment and closure policy, which had cost the economy an estimated US$ 8.6 million in losses.

13. The role of UNCTAD, development agencies and donors remained a corner stone in efforts to allow the Palestinian authority to reinforce its capacity to address the development needs of the Palestinian people, though the task of developing the Palestinian economy appeared to be more formidable than ever. Within this context, he welcomed the resumption of UNCTAD's technical assistance activities for the Palestinian Authority in mid-2001, moving towards the implementation of programmes that were considered of great help in the areas of capacity building and improving economic management. However, the lack of

stability and funding had prevented the commencement of technical assistance requested by the Palestinian Authority in the areas of transit trade and transport and international procurement of strategic food commodities.

14. The African Group had urged donors to provide necessary funds to allow UNCTAD to reactivate projects and implement new projects. UNCTAD's technical assistance projects were pivotal in alleviating the conditions facing the Palestinian people. He called upon UNCTAD and the donor community to continue supporting these activities designed to assist the Palestinian people in an extremely critical economic situation. In conclusion, he reiterated the support of the African peoples and countries for the Palestinian people's struggle to achieve a comprehensive, just and lasting peace which would be the basis of prosperity and security for the entire region.

15. The representative of **Belgium,** speaking on behalf of the **European Union,** said that the secretariat report provided very instructive reading and allowed for an appreciation of the difficulties arising from an economic and political crisis that had lasted for a year. He continued to hope that the Palestinian economy, which was still very vulnerable, could restructure and that trade exchanges with the sub-region could develop. That would depend on the firm will of the parties to reach a just, durable and comprehensive peace on the basis of the principles established by the Madrid, Oslo and subsequent accords and in conformity with the pertinent United Nations resolutions.

16. Despite the past dramatic events and current tensions, the field work of UNCTAD for the Palestinian people retained all its usefulness. It was necessary to continue to prepare for the future, to train people, to reinforce institutional capacities, to better manage the macro-economic situation, to develop small and medium-size enterprises and to promote trade. To this end, UNCTAD should, within its areas of competence, provide carefully planned, well-targeted and demand-driven assistance. This could help to develop the local economy and to aid the Palestinian Authority in better serving its people.

17. The European Union was the main contributor of aid to the Palestinian people and was also the main extra-regional trade partner of the Palestinian Authority. The European Union was convinced that for two peoples which must coexist, there was no alternative to engaging once and for all along the path of peace negotiations, regarding which recent official meetings provided hope. In conclusion, he stated that, in this difficult period, everything should be done so that fear, hatred and violence did not win the day and so that the dialogue for peace intensified as soon as possible.

18. The representative of the **Islamic Republic of Iran,** speaking on behalf of the **Asian Group and China**, said that it was a testament to the importance of the issue under discussion, as well as to the commendable manner in which the secretariat had implemented its evolving mandate in this area, that assistance to the Palestinian people continued to feature regularly on the agenda of the Board and in the secretariat's work programme. He thanked the secretariat for its report, which sent relevant messages at a critical stage in the region and the world.

19. He was also pleased to learn that the past year's adverse developments had not distracted the secretariat from its focus on the Palestinian people's long-term development needs and efforts. The secretariat had made serious efforts, in cooperation with ITC, to respond to some of the urgent technical needs emerging from the recent crisis. The secretariat's work programme in this area was a good example of a successful match between

the secretariat's analytical and technical capacities on the one hand and its concrete operational activities on the other. The focus on institution and capacity building efforts and on high-quality advisory and training services in several areas provided Palestine with the best that the secretariat could offer in technical cooperation activities.

20. He noted that the Israeli measures against the Palestinian people entailed a range of restrictions on the Palestinian economy and workers, leading to massive losses in national income, widespread unemployment and destitution. The events of the past year had aggravated and exposed the structural weaknesses of the Palestinian economy. The failure to address these problems so far was rooted in the effects of prolonged occupation and the continued denial by Israel of the Palestinian people's rights. Even an interim peace period of six years, which had granted Palestine some limited economic autonomy and an opportunity to rebuild and develop, had proved inadequate to reverse long-standing imbalances. It came as no surprise that the vulnerable Palestinian economy had been shattered so swiftly and comprehensively by Israeli measures.

21. The crisis, at both its political and economic levels, had taught some useful lessons at a time when the globalized world faced new threats and development challenges. In particular, peace and development had been shown to be inseparable, and peace in the Middle East required justice and equity, something that had yet to be offered to the Palestinian people. Furthermore, only through recognition of the legitimate national rights of the Palestinian people, as enshrined in United Nations resolutions, could a just and comprehensive peace be attained. In concluding, he called on UNCTAD to continue its work to assist the Palestinian people with a view to identifying and eradicating the long-standing root causes of underdevelopment.

22. The representative of **Palestine** commended the secretariat for its outstanding and continuous efforts to provide technical assistance to the Palestinian people in all areas falling within UNCTAD's expertise. He expressed deep appreciation to the Secretary-General of UNCTAD for the special attention he had devoted to the secretariat's programme of assistance to the Palestinian people, thus allowing it to continue to develop in a very difficult political context. He also highly appreciated the commitment of the secretariat experts and staff who had continued technical assistance missions and activities despite the difficult field conditions, while launching a number of projects to support the Palestinian National Authority's long-term development efforts.

23. The secretariat report provided an accurate analysis of the structural problems that impeded the development of the Palestinian economy and the predicaments that had befallen the Palestinian economy during 2000-2001. Since September 2000, the Palestinian territory had been subjected to a range of Israeli military measures, including a siege imposed on Palestinian towns, that had persisted over prolonged periods. These measures had had adverse effects on the entire economy, unprecedented since 1967. They had stemmed from an Israeli policy that aimed at demolishing the infrastructure of the Palestinian economy and putting an end to the Palestinian dream of establishing an independent state with a prosperous economy.

24. He noted that, according to recent statistics, total losses accrued by the Palestinian economy over the last year had reached at US$ 2.7 billion. The current crisis had destroyed the benefits reaped from development efforts over the last three years, whereas signs of economic prosperity had been clearly visible before the beginning of the crisis. The current conditions in the Palestinian territory, characterized by the absence of political stability and weak economic infrastructures, had resulted in a severe reduction of investment opportunities

and the absence of foreign investment, while unemployment had augmented the burden of the Palestinian National Authority. The implementation problems affecting UNCTAD projects confirmed the view expressed by Palestine for many years that economic development could not be achieved under Israeli occupation that had persisted for more than 34 years.

25. He expressed his appreciation for the financial support provided by donor countries to enable UNCTAD and other international organizations to implement assistance projects for the Palestinian people. However, the Palestinian people was calling for justice and solidarity from the international community. Though the Palestinian people's memory was replete with pain and tragedies, they aspired to a peace that restored their rights and ensured stability in the region. In conclusion, he said that Palestine appreciated the growing recognition of several countries, including the United States of America, of the Palestinian people's right to establish an independent state alongside the State of Israel. This should be translated into concrete measures, based on the decisions of the Security Council and other relevant United Nations resolutions which called for Israel to withdraw to the 4 June 1967 borders, to be replaced by the authority of the independent State of Palestine. This would lay the correct and strong basis for a just and comprehensive peace beginning in Palestine and spreading throughout the entire region.

26. The representative of **Norway** emphasized that developing the Palestinian economy was of paramount importance for building support among the Palestinian people for the continuation of the peace process. UNCTAD's technical assistance to the Palestinian Authority supported these goals. He commended UNCTAD for its work during a very difficult time for the Middle East, and also for reorienting part of its programmes as a response to the Palestinian Authority's economic crisis. His delegation strongly supported UNCTAD's continued assistance to the Palestinian people within the mandate of the institution and in cooperation with other agencies.

27. He noted that, while UNCTAD's assistance could play a catalytic, technical role in preparing the Palestinian Authority to better withstand the challenges of the present crisis, it could not solve the crisis. The solution to the Palestinian Authority's economic crisis, as well as the crisis in the peace process, lay in the full implementation of the recommendations of the Mitchell Report and the Tenet understandings, leading to the resumption of peace-negotiations based on UN Security Council resolutions 242 and 338, as well as the Oslo Accords. Since the signing of the Israeli-Palestinian Declaration of Principles, the international community had invested considerable resources to support the Palestinian Authority in building a Palestinian administration capable of delivering much needed services. The current crisis imperiled the significant progress made over the past seven years, and he urged the two sides to resume final status negotiations as soon as possible.

28. The representative of **Israel** noted that, during the previous year's discussion of this agenda item, he had expressed the hope that the violence that had erupted only a few days earlier would soon be brought under control and that the political process would resume. However, since then the situation in the region had only deteriorated. The violence had caused unimaginable suffering for all peoples of the region, as well as huge economic losses. The only solution to this crisis was to implement a full ceasefire and then to resume political negotiations based on the Mitchell Committee recommendations.

29. The report prepared by the secretariat made it clear that, prior to the current wave of violence, the Palestinian economy had been pursuing a path of recovery and vigorous growth. This trend would have continued if the political process had remained on track, especially if

the structural problems of the Palestinian economy could have been addressed. The negative situation facing the Palestinian economy was not surprising, as it was impossible to sustain positive economic development in such a violent environment. The wave of violence had also badly affected other economies in the region, including the Israeli economy.

30. The past year had been a very bad one for the peoples of the region, and the global economic slowdown in the aftermath of the recent terrorist attacks on the United States might well aggravate the situation. It was imperative to bring the violence to a halt and then to restart the political process in order to reach a political compromise. He continued to regard the economic well-being of the Palestinians as being of importance to Palestinians, Israelis and the region as a whole.

31. The representative of the **United States of America** thanked the secretariat for its report and its activities of assistance to the Palestinian people. He shared the frustration expressed by many delegations with regard to the continued violence in the region and with the absence of progress in political negotiations. The United States was working hard to bring an end to the violence and to implement the Mitchell Committee report. One-sided condemnations did not help in moving the peace process forward. The recent meeting between Chairman Arafat and Foreign Minister Peres was an important step, and he called on the parties to move forward to implement the ceasefire, remove restrictions and resume negotiations.

32. The representative of the **League of Arab States** expressed his grave concern at the manner in which the Palestinian economy had been sabotaged. This concern was aggravated by the fact that, compared to the last few years, and despite notable support by international organizations and donor countries, the Palestinian economy was going from bad to worse due to Israeli measures. The occupying authority was demolishing not only the economy's infrastructure, but also its superstructure. The measures taken had inflated unemployment rates, aggravated the current crisis, and foiled international efforts to develop the economy, making them meaningless. The international community should adopt a firm stand so that its efforts could bear fruit. International organizations and donor countries should act not only as payers but also as players and as main partners in achieving sustainable development. He thanked UNCTAD, particularly the Assistance for the Palestinian People Unit, for supporting the Palestinian economy.

33. The representative of **Algeria** expressed his appreciation for the assistance provided to the Palestinian people by UNCTAD and other agencies, as well as for the support of donors, in particular the European Union. However, Israeli practices had jeopardized these efforts and rendered them ineffective. The social consequences of these practices had been dire, leading to a chaotic and disastrous situation for the Palestinian people. The secretariat report had correctly identified the main problem facing the Palestinian economy, namely the structural weaknesses arising from prolonged occupation. In concluding, he noted it was often stated that Israel's security was at stake, but that security could only be assured alongside security for all other peoples in the region.

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